Recommendation #1:

The Legislature should direct HHS to develop a comprehensive initiative to leverage enhanced federal matching funds to improve the integration and usability of HHS system data resources, including by building capacity to incorporate clinical and other data available through electronic health records (EHR) systems.

Background: That which is measured and measured well tends to improve, while that which is not improves very slowly, if at all. As HHS leads Texas Medicaid through transformation from a volume to a value-based system, health informatics should increasingly drive decisions at every level, from state policy maker to clinician to individual patient. To support this emphasis on analytics, best practice, and patient empowerment, Texas must continue to invest in building a state-of-the-art business intelligence system for the HHS system. HHS would need to cost out the required non-federal share. This system should focus on improving the organization and usability of the system's current data resources, while also establishing the infrastructure to incorporate new sources of clinical and health risk data.

Clients who account for a majority of HHS system spending tend to suffer from multiple chronic and other health conditions and are likely to receive services provided and/or paid for across a number of agencies and programs. Many transactions related to these services are captured and stored in digital format; however, they often are compiled into separate, unlinked data bases scattered across the HHS system. Establishing processes and an infrastructure to integrate, analyze, and disseminate this data is a necessary precursor for a state-of-the-art business intelligence platform. For example, HHSC and DSHS are partners on a variety of projects to improve newborn and maternal outcomes informed by combining data from birth and death certificates collected by DSHS with data on Medicaid services maintained at HHSC. One such better birth outcomes initiative, targeting a reduction in early elective deliveries, was found to have lowered the rate of these deliveries by as much as 14 percent, which led to gains of almost five days in gestational age and six ounces in birthweight among impacted newborns.[1] Rather than integrating data on an ad hoc basis, as is often the current practice, an effective business intelligence platform would routinely link and analyze data across the many high value data sources maintained by HHS system agencies.

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[1] H. M. Dahlen et al., "Texas Medicaid Payment Reform: Fewer Early Elective Deliveries and Increased Gestational Age and Birthweight," Health Affairs 36, no. 3 (2017), 460-467, http://content.healthaffairs.org/content/36/3/460.full (accessed April 6, 2017).

However, better leveraging current data is just a start. Ultimately, effective value-based care and payment models will require metrics that combine the administrative data now widely available with clinical and health risk data emerging through electronic health records systems. As part of HHSC's recently approval 1115 Transformation Waiver renewal, CMS required that HHSC develop a plan as part of the demonstration to use Health IT to link services and core providers across the continuum of care to the greatest extent possible. As value-based payment and quality improvement systems become more advanced, indicators recommended by experts through organizations such as the National Quality Forum to identify high achievement in a field such as diabetes include the following:

- A patient's most recent HbA1C in the measurement period has a value < 8.0;
- The most recent blood pressure in the measurement period has a systolic value of < 140 and a diastolic value <90; and
- The patient is currently a nonsmoker.

Measures, such as the ones above, that incorporate clinical and health risk data such as blood pressure control and tobacco use are needed to truly understand and improve the effectiveness of care delivery. Ultimately, individuals and the public will benefit from the timely computation, analysis, and reporting of enhanced quality indicators based on combined clinical and administrative data because it paves the way to a more accountable, learning healthcare system.

Recommendation #2:

HHSC should work with stakeholders to better leverage the Texas Healthcare Learning Collaborative portal (and other tools as appropriate) to increase data available to health plans and providers for core metrics, analytics, and care coordination to support value-based purchasing and quality improvement.

Background: It is widely accepted that information sharing, transparent communication, and many levels of data sharing are critical for payers and providers to succeed in value-based purchasing. Health plans and providers both need timely, actionable data to improve patient care. This data includes patient-level data to manage individual patients and dashboard-level data for plans and providers to see how their performance compares to their peers for care improvement purposes.

HHSC and its EQRO created the Texas Healthcare Learning Collaborative portal, which contains valuable information about regional and plan performance on key quality measures. HHSC and managed care plans have a private user view into the data based on permissions. Some data is available to public users, including providers. This limits the ability of providers to have data needed to identify value-based purchasing initiatives to develop and pursue with health plans.

Some MCOs are working with select providers (generally higher volume providers ready to engage in value based purchasing/alternative payment models [VBP/APMs]) to supply them with periodic dashboard and patient-level information to help them improve performance on key measures (e.g. well child visits, potentially preventable ED visits, prenatal/postpartum care, diabetes care, total cost of care). As more providers seek to participate in APMs with Medicaid MCOs, and MCOs strive to meet the APM thresholds in their contracts, it would be beneficial for all Medicaid providers to have access to patient-level information and dashboard information to support better patient care and care coordination. Such information also is critical to DSRIP providers, who in the next two years will be earning most of their funds based on whether their Medicaid and low income/uninsured patients show improvement on key measures such as diabetes foot exams, breast cancer screening, and flu vaccines.

HHSC should work with its MCOs and providers on next steps related to getting providers such data. Recommendations provided would need to include the cost of making additional data available.

Recommendation #3:

HHSC should develop guidance for MCOs and providers on how to leverage the Quality Improvement cost strategy available in managed care to provide patient navigation services to patients with high needs and high utilization patterns.

Background: Federal law ([45 CFR Sec. 158.150-151)](#) includes a provision to allow certain quality-related costs to be treated as medical expenses. This provision recognizes the increasing evidence that targeted non-clinical interventions can have a substantial impact on improving health outcomes and lowering medical spending, particularly for low income populations and individuals with serious mental illness and other complex health risks. This is a potential strategy for MCOs to support high-value, non-billable services. Information on quality improvement costs is provided in the Texas MCO contract. However, MCOs and providers have requested additional

clarification so that future auditing would not result in costs disallowed. An initial area of focus could be on patient navigation services, including patients with high utilization patterns.

Providers and MCOs may have data and use cases, including DSRIP data, which could assist HHSC to develop policy guidance and to potentially sign off on certain strategies. HHSC already requires managed care organizations to have a program for targeting, outreach, education, and intervention for members who have high utilization patterns. In 2019, HHSC will require MCO Performance Improvement Projects (PIPs) to address the needs and improve outcomes for this population.

Recommendation #4:

HHSC should work with stakeholders to develop a maternity/newborn episode of care payment bundle (and/or other maternity/newborn VBP approaches) to present to Texas leadership for endorsement.

Background: This is an area of high opportunity since Medicaid pays for more than half the births in TX, and there's large variability in service utilization, costs, and quality.

Maternity care is recognized as a high-opportunity area for episode based payment to improve quality and contain costs. Other payers, including other Medicaid programs (e.g. TN, OH, and AR), have implemented successful maternity care episodes.

If HHSC endorses a maternity/newborn episode of payment bundle, there should be a data infrastructure in place to measure outcomes and reward high quality, cost effective care (including provider activities that may not be Medicaid billable services, but that are effective ways to help manage complex pregnancies and newborns). A challenge for all payers, including Medicaid managed care programs, is how to reward successful value-based payment programs in the long run given that associated savings are inherently removed from future funding through the capitation rate setting process. Texas Medicaid has an experience rebate program through which annual managed care profits above a certain level must be shared with the State to help fund the Medicaid program. In 2013, Senate Bill 7 from the 83rd Legislature added a caveat to this statute related to leveraging experience rebates to promote quality, efficiency and payment reform. "If cost-effective, the Commission may use amounts received by the State under this section to provide incentives to specific managed care organizations to promote quality of care, encourage payment reform, reward

local service delivery reform, increase efficiency, and reduce inappropriate or preventable service utilization."

The recommendation should include well-defined parameters regarding how an MCO and its providers could receive incentive funds and a data analysis plan to calculate any incentive payments.

Recommendation #5:

HHSC should develop value-based purchasing strategies to sustain strong behavioral health-related DSRIP work such as integrated behavioral health/primary care. The current development of Certified Community Behavioral Health Clinics [CCBHC] could be included as a sustainability strategy.

Background: The continuum of care that is the focus of CCBHCs represents many of the areas of gain through DSRIP implementation in behavioral health. The CCBHC model is a value-based purchasing design that with further development could be used for the required DSRIP Sustainability Plan described below that is part of the renewal of the Texas Medicaid 1115 Waiver.

The purpose of CCBHC as communicated by the Substance Abuse Mental Health Services Administration is to improve behavioral health care by:

- Providing community-based mental health and substance abuse services (including crisis services)
- Advancing integration of behavioral health care and physical health care
- Assimilating and utilizing evidence-based practices
- Promoting improved access to quality care
- Effective care coordination (considered the "linchpin" for the model)[2]

These areas of focus are aligned with key DSRIP projects that the community mental health center (CMHC) performing providers have implemented in the initial stage of the waiver, such as increased access to care, adequate crisis services, integrated care, and peer supports. DSRIP 2.0, which is currently in implementation, is aligned with the quality measures required for the CCBHC model.

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[2] Substance Abuse Mental Health Services Administration

In addition, two of the eight CCBHC planning grant sites (Tropical Texas and the Burke Center) are pilot VBP initiatives for SB 58, 83rd Legislature, Regular Session, 2013 for health home pilots that address serious mental illness and at least one chronic condition.

In the Special Terms and Conditions (STCs) of the renewal of the Medicaid 1115 Demonstration Waiver, Texas is required to submit a draft transition plan to CMS by October 1, 2019 for CMS review and approval, describing how the state will further develop its delivery system reform efforts without DSRIP funding and/or phase out DSRIP funded activities. As Texas' DSRIP is a time-limited federal investment that will conclude by October 2021, Texas must propose milestones by which it will be accountable for measuring sustainability of its delivery system reform efforts absent DSRIP funding. CMS specifies that milestones may relate to the use of alternative payment models, the state's adoption of managed care payment models, payment mechanisms that support providers' delivery system reform efforts, and other opportunities.

Recommendation #6:

HHSC should develop VBP models for opioid treatment, including to increase access to medication-assisted treatment (MAT) through a bundled rate, to present to State leadership.

Background: Opioids are a class of drugs that include heroin as well as prescription pain relievers (fentanyl and others). Medication Assisted Treatment (MAT) combines the use of behavioral therapy with medications, such as methadone and buprenorphine, to treat Opioid Use Disorders (OUD). MAT is the evidence-based treatment for OUD.

MAT services are generally long term, and often require daily administration of medications. Individuals typically begin treatment and are closely monitored by daily visits to an opioid treatment clinic, where medications are administered. When individuals become stable and meet federal criteria, they can be allowed to self-administer their medications at home, with periodic check-ins to the clinic. This is important as it enables the individual to avoid a long and early morning trip to the clinic, and to be more independent and in control of their recovery through self-dosing (with periodic monitoring by clinic).

In Texas, there are two significant payers for MAT services: the substance abuse prevention and treatment (SAPT) block grant and Medicaid. The SAPT

block grant funds pays a daily bundled rate for MAT (to include counseling and other services that support recovery) for both daily clinic and also for take-home doses.

Medicaid does not pay a bundled rate, and there are separate reimbursement rates for clinic based dosing, take home dosing, and counseling.

Recommendation #7:

HHSC should clarify that MCO APMs with providers may include models that reduce administrative burden for high performing providers as a non-financial incentive. This may require changes to the Uniform Managed Care Contract (UMCC) and/or Uniform Managed Care Manual (UMCM), including the Value Based Contracting Data Collection Tool.

Background: Many providers indicate that reduced administrative burden is as important to them (or even more important) than financial incentives. HHSC held a series of stakeholder meetings in 2015 to identify opportunities to improve member and provider experience in Medicaid managed care. One of the recommendations received at that time was that HHSC should encourage MCOs to "gold star" provider practices that can show a history of proper utilization of medical services and waiver certain prior authorization requirements for those practices. HHSC responded that health plans are able to utilize this practice, and that its contract language for fiscal year 2018 categorized this kind of administrative relief (i.e. gold carding a provider) as an APM that counts toward the MCO targets in the contract.[3]

However, the current UMCC and UMCM do not explicitly reference administrative relief as an allowable APM non-financial incentive. We recommend that HHSC explicitly include "gold carding" and associated administrative relief as an allowable component of an APM and encourage MCOs to explore these arrangements as appropriate with high performing provider practices.

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[3] From https://hhs.texas.gov/sites/.../medicaid-chip-ec-comm-july-2017-closed-items.pdf . Page 18, accessed 4/24/2018